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INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE PRIORITY

S E C R E T STATE 010746

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E.O. 12958: DECL: 02/01/2033  
TAGS: [PARM](#) [MTCRE](#) [PREL](#) [TW](#) [CH](#)

SUBJECT: CHINESE COMPANY OFFERING TO SELL TAIWAN-ORIGIN  
MACHINE TOOLS TO WEAPONS-RELATED ENTITY IN NORTH KOREA (S)

Classified By: ISN/MTR Acting Director Ralph Palmiero 1.4 (B),  
(C) and (D)

[¶1.](#) This is an action request. AIT Taipei, please see  
paragraph 4.

[¶2.](#) (S) Background and Purpose: In light of our  
extensive cooperation with Taiwan under the export  
control "Gameplan," we want to alert Taiwan  
authorities to efforts by a Chinese firm to transfer  
Taiwan-origin machine tools to North Korea.  
Specifically, in December 2007, China's Dandong Union  
Trading Co. Ltd. offered to provide a variety of  
Taiwan-origin machine tools to the Korea Kumryong  
Trading Corporation, which is associated with Korea's  
primary weapons trading firm Korea Mining Development  
Corporation (KOMID). Although these machine tools are  
not controlled, they are capable of being used to  
support the manufacture of missile components or in  
advanced conventional weapons applications.

[¶3.](#) (S) Objective: Because the USG believes that  
Dandong Union Trading Co. may be working with KOMID or  
its affiliates to circumvent Taiwanese export control  
laws, we want to ask Taiwan authorities to investigate  
this information and take measures to prevent third-  
country intermediaries from supplying Taiwan-origin  
technology with potential applications to ballistic  
missiles, WMD or advanced conventional weapons to  
entities in North Korea. We also want to note that  
such action would be consistent with United Nations  
Security Council Resolution 1718.

[¶4.](#) (S) Action Request: Request AIT Taipei approach  
appropriate officials to deliver talking points/non-  
paper in paragraph 5 below and report response.  
Talking points also may be provided as a non-paper.

[¶5.](#) (S) Begin talking points/non-paper:

(SECRET REL TAIWAN)

-- The U.S. appreciates your continuing efforts to  
strengthen Taiwan's export control system by  
implementing the U.S.-Taiwan "Gameplan."

-- It is in this context that we would like to share  
with you information concerning efforts by an entity  
in China to export Taiwan-origin machine tools to  
North Korea.

-- Specifically, we have information that in December  
2007, China's Dandong Union Trading Co. Ltd. had  
offered to provide a variety of machines produced by  
Taiwan companies to the Korea Kumryong Trading  
Corporation.

-- Korea Kumryong Trading Corporation is associated  
with the Korea Mining Development Corporation (KOMID),  
which is North Korea's primary weapons trading firm.

-- The machine tools offered to Korea Kumryong Trading

Corporation include equipment manufactured by the Taiwan CombiTech Co. Ltd., Jagura Industry Ltd., and the Taichung-based firm Iron Flower Machinery Inc.

-- Although none of these machines is export-controlled, we estimate that they could be used to support the manufacture of missile components or in advanced conventional weapons applications.

-- Given the increased scrutiny applied to such exports to North Korea under the Gameplan, we believe that Dandong Union Trading Co. may be working with KOMID or its affiliates to circumvent your export control laws.

-- We therefore ask that you investigate this information and take measures to prevent intermediaries in China or elsewhere from supplying Taiwan-origin technology with potential applications to ballistic missiles, WMD or advanced conventional weapons to entities in North Korea. We believe such action would be consistent with United Nations Security Council Resolution 1718.

-- We look forward to continued cooperation on export control matters and would appreciate your sharing with us the results of your investigation into this activity at the earliest possible time.

16. (U) Washington POC is ISN/MTR April Jones (Phone: 202-647-3176). Please slug any reporting on this issue for ISN and EAP.

17. (U) A word version file of this document will be posted at [www.state.sgov/demarche](http://www.state.sgov/demarche).  
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